

WEBSTER PARISH SHERIFF
Minden, Louisiana

Annual Financial Statements
With Independent Auditor's Report
As of and for the Year Ended
June 30, 2012
With Supplemental Information Schedules

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Independent Auditor's Report

WEBSTER PARISH SHERIFF
Minden, Louisiana

I have audited the accompanying financial statements of the governmental activities and major fund of the Webster Parish Sheriff, a component unit of Webster Parish Police Jury, as of June 30, 2012, and for the year then ended, which collectively comprise the Sheriff's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Webster Parish Sheriff's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position and major fund of the Webster Parish Sheriff as of June 30, 2012, and the respective changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6 through 10, the budgetary comparison information on pages 38 through 40, the schedule of funding progress for the retiree healthcare plan on page 41, and the affidavit on tax collector reporting on page 42 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with managements' responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

WEBSTER PARISH SHERIFF
Minden, Louisiana
Independent Auditor's Report,
June 30, 2012

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Webster Parish Sheriff's office basic financial statements as a whole. The supplemental information schedules listed in the table of contents are presented for the purpose of additional analysis and are not a required part of the financial statements of the Webster Parish Sheriff. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

In accordance with *Government Auditing Standards*, I have also issued a report dated December 26, 2012, on my consideration of the Webster Parish Sheriff's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

A handwritten signature in blue ink, appearing to read "M. J. [unclear]".

West Monroe, Louisiana
December 26, 2012

**REQUIRED SUPPLEMENTARY INFORMATION
PART I**

WEBSTER PARISH SHERIFF
Minden, Louisiana

Management's Discussion and Analysis
June 30, 2012

As management of the Webster Parish Sheriff, I offer readers of the Webster Parish Sheriff's financial statements this narrative overview and analysis of the financial activities of the Webster Parish Sheriff for the fiscal year ended June 30, 2012. Please read it in conjunction with the basic financial statements and the accompanying notes to the financial statements.

Overview of the Financial Statements

This Management Discussion and Analysis document introduces the Sheriff's basic financial statements. The annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (Government-wide Financial Statements) provide information about the financial activities as a whole and illustrate a longer-term view of the Sheriff's finances. The Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Fund (Fund Financial Statements) tell how these services were financed in the short term as well as what remains for future spending. Fund Financial Statements also report the operations in more detail than the Government-Wide Financial Statements by providing information about the most significant funds. This report also contains other supplementary information in addition to the basic financial statements themselves.

Our auditor has provided assurance in her independent auditor's report that the Basic Financial Statements are fairly stated. The auditor, regarding the Required Supplemental Information and the Supplemental Information is providing varying degrees of assurance. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts in the Financial Section.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Webster Parish Sheriff's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the Webster Parish Sheriff's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Webster Parish Sheriff is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (for example, earned, but unused, sick leave).

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Webster Parish Sheriff, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Webster Parish Sheriff can be divided into two categories: governmental funds and fiduciary (agency) funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Webster Parish Sheriff adopts an annual appropriated budget for the general fund and the special revenue funds. A budgetary comparison statement is provided for the major funds to demonstrate compliance with this budget.

Fiduciary funds. Fiduciary (agency) funds are used to account for resources held for the benefit of parties outside the government. Since these resources are not available to support the Webster Parish Sheriff's programs, Fiduciary (agency) funds are not reflected in the government-wide financial statement.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information in addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the Webster Parish Sheriff's performance.

The combining schedules for nonmajor governmental funds are presented immediately following the required supplementary information.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. At the close of the most recent fiscal year, assets of the Webster Parish Sheriff exceeded liabilities by \$20,667,250. Approximately 48% of the Webster Parish Sheriff's net assets reflects its reserve for debt service.

The balance in unrestricted net assets is affected by two factors: 1) resources expended, over time, by the Webster Parish Sheriff to acquire capital assets from sources other than internally generated funds (i.e., debt), and 2) required depreciation on assets.

STATEMENT OF NET ASSETS

ASSETS	2012	2011
Cash and cash equivalents	\$12,754,243	\$12,110,387
Investments	9,814,404	8,394,698
Receivables	128,299	122,418
Food Inventory	27,038	27,683
Capital assets (net of accumulated depreciation)	4,859,096	5,168,047
TOTAL ASSETS	27,583,080	25,823,233
LIABILITIES		
Accounts payable	121,598	150,046
Salaries payable	97,853	61,189
Due to sheriff	30,351	19,997
Payroll deducts payable	27,502	243,211
Compensated absences payable	716,971	723,982
Interest payable	40,788	43,488
Deferred revenue - Protest Taxes	33,863	34,030
Long term liabilities:		
Due with one year	540,000	405,000
Due in more than one year	5,147,000	5,687,000
Deferred principal and issuance costs	(746,732)	(848,897)
Net OPEB obligation	906,636	615,285
TOTAL LIABILITIES	6,915,830	7,134,331
NET ASSETS		
Invested in capital assets, net of related debt	(827,904)	(715,042)
Reserved for debt service	9,814,404	8,394,698
Reserved for inventory	27,038	27,683
Unrestricted	11,653,712	10,981,563
TOTAL NET ASSETS	\$20,667,250	\$18,688,902

STATEMENT OF ACTIVITIES

	2012	2011
Public Safety:		
Personal services	\$8,077,746	\$7,707,366
Operating services	1,591,804	1,479,292
Materials and supplies	847,294	850,221
Travel	42,105	46,785
Debt service - Interest & other	352,293	439,923
Depreciation expense	503,284	497,670
Total Program Expenses	11,414,526	11,021,257
Program revenues:		
Commissions on licenses and taxes	124,115	147,413
Civil and criminal fees	448,889	541,147
Feeding and keeping prisoners	5,405,551	5,495,610
Other	44,224	24,322
Total program revenues	6,022,779	6,208,492
Net Program Expenses	(5,391,747)	(4,812,765)

General revenues:		
Taxes		
Ad valorem	\$3,398,659	\$3,253,428
Sales tax	3,003,720	3,146,916
Grants and contributions not restricted to specific programs:		
Federal sources	8,779	86,790
State sources:		
State supplemental pay	420,133	401,157
State revenue sharing (net)	69,826	107,354
Video poker	366,953	370,083
Other	25,481	37,729
Local sources	15,589	100,292
Interest earned	27,737	36,484
Other	48,809	61,916
Special items:		
Gain/Loss on asset disposal	3,276	1,251
Proceeds from drug seized property sale	<u>1,602</u>	<u>10,655</u>
Change in Net Assets	1,998,817	2,801,290
NET ASSETS		
Beginning of year	<u>18,668,433</u>	<u>15,867,143</u>
End of year	<u>\$20,667,250</u>	<u>\$18,668,433</u>

Financial Analysis of the Government's Funds

As noted earlier, the Webster Parish Sheriff uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of June 30, 2012, combined governmental fund balances of \$22,412,817 shows an increase of \$2,286,563 over June 30, 2011. The General Fund's portion of the unreserved, undesignated fund balance of \$6,215,400 shows an increase (of approximately \$620,559) from the prior year amount. The Detention Center portion or the unreserved, undesignated fund balance of \$10,837,468 shows an increase (of approximately \$1,336,924) from the prior year amount.

General Fund and Major Fund Budgetary Highlights

There were no budget amendments for the year.

Capital Asset and Debt Administration

Capital assets. The Webster Parish Sheriff's investment in capital assets for its governmental activities as of June 30, 2012, amounts to \$4,859,096 (net of accumulated depreciation). This investment includes land, buildings, furniture, and equipment. The increase in capital assets for the year was \$196,644 the majority

of which was attributable to the purchase law enforcement vehicles. There were deletions of \$78,110 for the year.

Long-term debt. At the end of the fiscal year, Webster Parish Sheriff had \$7,310,607 debt outstanding. Debt is made up of \$5,687,000 revenue bonds, \$716,971 compensated absences, and \$906,636 net OPEB obligation.

Requests for Information

This financial report is designed to provide a general overview of the Webster Parish Sheriff's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Webster Parish Sheriff, 410 Main Street, Minden LA 71055.

December 26, 2012

BASIC FINANCIAL STATEMENTS

Statement A**WEBSTER PARISH SHERIFF
Minden, Louisiana****STATEMENT OF NET ASSETS
June 30, 2012****ASSETS**

Cash and cash equivalents	\$12,754,243
Investments	9,814,404
Receivables	128,299
Food Inventory	27,038
Capital assets (net of accumulated depreciation)	<u>4,859,096</u>
TOTAL ASSETS	<u>27,583,080</u>

LIABILITIES

Accounts payable	121,598
Salaries payable	97,853
Due to sheriff	30,351
Payroll deducts payable	27,502
Compensated absences payable	716,971
Interest payable	40,788
Deferred revenue - Protest Taxes	33,863
Long term liabilities:	
Due within one year	540,000
Due in more than one year	5,147,000
Deferred principal and issuance costs	(746,732)
Net OPEB obligation	<u>906,636</u>
TOTAL LIABILITIES	<u>6,915,830</u>

NET ASSETS

Invested in capital assets, net of related debt	(827,904)
Reserved for debt service	9,814,404
Reserved for inventory	27,038
Unrestricted	<u>11,653,712</u>
TOTAL NET ASSETS	<u>\$20,667,250</u>

The accompanying notes are an integral part of this statement.

WEBSTER PARISH SHERIFF
Minden, Louisiana
STATEMENT OF ACTIVITIES
June 30, 2012

Statement B

Public Safety:	
Personal services	\$8,077,746
Operating services	1,591,804
Materials and supplies	847,294
Travel	42,105
Debt service - Interest & other	352,293
Depreciation expense	<u>503,284</u>
Total Program Expenses	<u>11,414,526</u>
Program revenues:	
Commissions on licenses and taxes	124,115
Civil and criminal fees	448,889
Feeding and keeping prisoners	5,405,551
Other	<u>44,224</u>
Total program revenues	<u>6,022,779</u>
Net Program Expenses	<u>(5,391,747)</u>
General revenues:	
Taxes	
Ad valorem	3,398,659
Sales tax	3,003,720
Grants and contributions not restricted to specific programs:	
Federal sources	8,779
State sources:	
State supplemental pay	420,133
State revenue sharing (net)	69,826
Video poker	366,953
Other	25,481
Local sources	15,589
Interest earned	27,737
Other	48,809
Special items:	
Gain (loss) on asset disposal	3,276
Proceeds from drug seized property sale	<u>1,602</u>
Change in Net Assets	1,998,817
NET ASSETS	
Beginning of year	<u>18,668,433</u>
End of year	<u><u>\$20,667,250</u></u>

The accompanying notes are an integral part of this statement.

Statement C

**WEBSTER PARISH SHERIFF
Minden, Louisiana
GOVERNMENTAL FUNDS**

Balance Sheet, June 30, 2012

MAJOR FUNDS.....			
	<u>GENERAL FUND</u>	<u>DETENTION CENTER</u>	<u>SALARY FUND</u>	<u>TOTAL</u>
ASSETS				
Cash and cash equivalents	\$6,250,094	\$1,121,747	\$5,382,402	\$12,754,243
Investments		9,814,404		9,814,404
Receivables	124,506	3,590	203	128,299
Inventory		27,038		27,038
TOTAL ASSETS	<u><u>\$6,374,600</u></u>	<u><u>\$10,966,779</u></u>	<u><u>\$5,382,605</u></u>	<u><u>\$22,723,984</u></u>
LIABILITIES AND FUND EQUITY				
Liabilities:				
Accounts payable	\$40,431	\$81,167		\$121,598
Salaries payable	50,057	47,796		97,853
Due to sheriff	30,351			30,351
Payroll deducts payable	4,498	348	\$22,656	27,502
Deferred revenue - Protested taxes	33,863			33,863
Total Liabilities	<u>159,200</u>	<u>129,311</u>	<u>22,656</u>	<u>311,167</u>
Fund Equity:				
Restricted		10,810,430	5,359,949	16,170,379
Committed - inventory		27,038		27,038
Unassigned	6,215,400			6,215,400
Total Fund Equity	<u>6,215,400</u>	<u>10,837,468</u>	<u>5,359,949</u>	<u>22,412,817</u>
TOTAL LIABILITIES AND FUND EQUITY	<u><u>\$6,374,600</u></u>	<u><u>\$10,966,779</u></u>	<u><u>\$5,382,605</u></u>	<u><u>\$22,723,984</u></u>

The accompanying notes are an integral part of this statement.

WEBSTER PARISH SHERIFF
Minden, Louisiana

Reconciliation of Governmental Funds
Balance Sheet to the Statement of Net Assets

For the Year Ended June 30, 2012

Total Fund Balances at June 30, 2012 - Governmental Funds (Statement C)		<u>\$22,412,817</u>
Cost of capital assets at June 30, 2012	\$8,580,311	
Less: Accumulated depreciation as of June 30, 2012	<u>(3,721,215)</u>	4,859,096
Long term liabilities at June 30, 2012:		
Bonds payable	5,687,000	
Deferred principal and issuance costs	(746,732)	
Net OPEB obligation	906,636	
Compensated absences payable	716,971	
Accrued interest payable	<u>40,788</u>	<u>(6,604,663)</u>
Net Assets at June 30, 2012 (Statement A)		<u>\$20,667,250</u>

The accompanying notes are an integral part of this statement.

WEBSTER PARISH SHERIFF
Minden, Louisiana
GOVERNMENTAL FUND TYPES

Statement of Revenues, Expenditures, and
Changes in Fund Balance

For the Year Ended June 30, 2012

MAJOR FUNDS.....			
	GENERAL FUND	DETENTION CENTER	SALARY	TOTAL
REVENUES				
Taxes:				
Ad valorem	\$3,398,659			\$3,398,659
Sales tax			\$3,003,720	3,003,720
Intergovernmental revenues:				
Federal grants	8,779			8,779
State grants:				
State supplemental pay	227,871	\$192,262		420,133
State revenue sharing (net)	69,826			69,826
Video poker	366,953			366,953
Other	25,481			25,481
Local grants	15,589			15,589
Fees, charges, and commissions for services:				
Commissions on licenses and taxes	124,115			124,115
Civil and criminal fees	448,889			448,889
Feeding and keeping of prisoners		5,405,551		5,405,551
Other	25,929	18,295		44,224
Use of money and property	15,235	2,489	10,013	27,737
Miscellaneous	25,958	4,192		30,150
Total revenues	<u>4,753,284</u>	<u>5,622,789</u>	<u>3,013,733</u>	<u>13,389,806</u>
EXPENDITURES				
Public safety:				
Current:				
Personal services and related benefits	4,279,841	3,513,565		7,793,406
Operating services	669,645	922,159		1,591,804
Materials and supplies	396,955	450,339		847,294
Travel and other charges	32,730	9,375		42,105
Debt service		657,828		657,828
Capital outlay	188,957	7,687		196,644
Total expenditures	<u>5,568,128</u>	<u>5,560,953</u>	<u>NONE</u>	<u>11,129,081</u>

(Continued)

Statement D

WEBSTER PARISH SHERIFF
Minden, Louisiana
GOVERNMENTAL FUND TYPES
Statement of Revenues, Expenditures, and
Changes in Fund Balance

	GENERAL FUNDMAJOR FUNDS..... DETENTION CENTER	SALARY	TOTAL
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	(\$814,844)	\$61,836	\$3,013,733	\$2,260,725
OTHER FINANCING SOURCES (Use):				
Proceeds from sale of assets	5,577			5,577
Proceeds from drug seized property sale	1,602			1,602
Proceeds from insurance	18,659			18,659
Operating transfer in	1,409,565	1,275,088		2,684,653
Operating transfers out			(2,684,653)	(2,684,653)
Total Other Financing Sources (Use)	1,435,403	1,275,088	(2,684,653)	25,838
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USE	620,559	1,336,924	329,080	2,286,563
FUND BALANCE AT BEGINNING OF YEAR	5,594,841	9,500,544	5,030,869	20,126,254
FUND BALANCE AT END OF YEAR	<u>\$6,215,400</u>	<u>\$10,837,468</u>	<u>\$5,359,949</u>	<u>\$22,412,817</u>

(Concluded)

The accompanying notes are an integral part of this statement.

WEBSTER PARISH SHERIFF
Minden, Louisiana

Reconciliation of Governmental Funds
Statement of Revenue, Expenditures, and Changes
in Fund Balances to the Statement of Activities

For the Year Ended June 30, 2012

Total net change in fund balances - governmental funds (Statement D)	\$2,286,563
Amounts reported for governmental activities in the Statement of Activities are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeds capital outlay in the period.	(306,640)
In the Statement of Activities, certain operating expenses - compensated absences - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).	7,011
Governmental funds do not report gain or loss on disposition of assets. In the Statement of Activities, gain on disposition of assets increased when the asset is disposed.	(2,301)
In the government wide financial statements, the difference between the refunding bond issue (\$6,585,000) and the book value of defeased bonds (\$5,420,000) is reported as a deferred amount for long-term debt and amortized over the life of the bonds but the annual deferral amount is not recognized in the governmental funds.	(76,683)
Discounts on bond issues and other costs of issuance are reported as an expenditure in the governmental funds but are carried to the government wide statement of net assets and amortized over the life of the bonds. This is the difference between the total deferred costs carried to the statement of net assets and the amount amortized for the current year.	(25,482)
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.	2,700
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.	405,000
Payments of long-term debt, including contributions to OPEB obligation, are reported as expenditures in governmental funds. However, those amounts are a reduction of long-term liabilities in the Statement of Net Assets and are not reflected in the Statement of Activities.	<u>(291,351)</u>
Change in net assets of governmental activities (Statement B)	<u>\$1,998,817</u>

The accompanying notes are an integral part of this statement.

WEBSTER PARISH SHERIFF
Minden, Louisiana
Statement of Fiduciary Net Assets - Agency Funds

June 30, 2012

	<u>TAX COLLECTOR FUND</u>	<u>CIVIL FUND</u>	<u>CRIMINAL FUND</u>	<u>INMATE FUNDS</u>	<u>TOTAL</u>
ASSETS					
Cash and cash equivalents	<u>\$71,863</u>	<u>\$283</u>	<u>\$178,663</u>	<u>\$145,595</u>	<u>\$396,404</u>
LIABILITIES					
Unsettled deposits due to others	<u>\$71,863</u>	<u>\$283</u>	<u>\$178,663</u>	<u>\$145,595</u>	<u>\$396,404</u>

The accompanying notes are an integral part of this statement.

WEBSTER PARISH SHERIFF
Minden, Louisiana

Notes to the Financial Statements
As of and For the Year Ended June 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As provided by Article V, Section 27 of the Louisiana Constitution of 1974, the sheriff serves a four year term as the chief executive officer of the law enforcement district and ex-officio tax collector of the parish. The sheriff also administers the parish jail system and exercises duties required by the parish court system, such as providing bailiffs, executing orders of the court, serving subpoenas, et cetera. As the ex-officio tax collector of the parish, the sheriff is responsible for the collection and distribution of ad valorem property taxes, parish occupational licenses, state revenue sharing funds, sportsmen licenses, and fines, costs, and bond forfeitures imposed by the district court.

The sheriff has the responsibility for enforcing state and local laws, ordinances, et cetera, within the territorial boundaries of the parish. The sheriff provides protection to the residents of the parish through on-site patrols, investigations, et cetera, and serves the residents of the parish through the establishment of neighborhood watch programs, anti-drug abuse programs, et cetera. Additionally, the sheriff, when requested, provides assistance to other law enforcement agencies within the parish.

The accompanying financial statements of the Webster Parish Sheriff have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, *Basic Financial Statements-and Management's Discussion and Analysis -for State and Local Governments*, issued in June 1999.

A. REPORTING ENTITY

As the governing authority of the parish, for reporting purposes, the Webster Parish Police Jury is the financial reporting entity for Webster Parish. The financial reporting entity consists of (a) the primary government (police jury), (b) organizations for which primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining which component units should be considered part of the Webster Parish Police Jury

WEBSTER PARISH SHERIFF

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Notes to the Financial Statements (Continued)

for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial responsibility. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and:
 - a. The ability of the police jury to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the police jury.
2. Organizations for which the police jury does not appoint a voting majority but are fiscally dependent on the police jury.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the police jury maintains and operates the parish courthouse in which the sheriff's office is located and provides partial funding for equipment, furniture and supplies of the sheriff's office, the sheriff was determined to be a component unit of the Webster Parish Police Jury, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the sheriff and do not present information on the police jury, the general government services provided by that governmental unit, or the other governmental units that comprise the Webster Parish financial reporting entity.

B. BASIC FINANCIAL STATEMENTS - GOVERNMENT-WIDE STATEMENTS

The sheriff's basic financial statements include both government-wide (reporting the sheriff as a whole) and fund financial statements (reporting the sheriff's funds). Both government-wide and fund financial statements categorize primary activities as either governmental or business type. All activities of the sheriff are classified as governmental.

The Statement of Net Assets (Statement A) and the Statement of Activities (Statement B) display information about the reporting government as a whole. These statements include all the financial activities of the sheriff, except for fiduciary funds. Fiduciary funds are reported only in the Statement of Fiduciary Net Assets at the fund financial statement level.

In the Statement of Net Assets, governmental activities are presented on a consolidated basis and are presented on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term obligations. Net assets are reported in three parts; invested

WEBSTER PARISH SHERIFF
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Notes to the Financial Statements (Continued)

in capital assets, net of any related debt; restricted net assets; and unrestricted net assets.

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

Program Revenues - Program revenues included in the Statement of Activities (Statement B) are derived directly from parties outside the sheriff's taxpayers or citizenry. Program revenues reduce the cost of the function to be financed from the sheriff's general revenues.

Allocation of Indirect Expenses - The sheriff reports all direct expenses by function in the Statement of Activities (Statement B). Direct expenses are those that are clearly identifiable with a function. Indirect expenses of other functions are not allocated to those functions but are reported separately in the Statement of Activities. Depreciation expense, which can be specifically identified by function, is included in the direct expenses of each function. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

C. BASIC FINANCIAL STATEMENTS - FUND FINANCIAL STATEMENTS

The financial transactions of the sheriff are reported in individual funds in the fund financial statements. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. Fund financial statements report detailed information about the sheriff. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column.

A fund is a separate accounting entity with a self-balancing set of accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. Funds are classified into three categories; governmental, proprietary, and fiduciary. Each category, in turn, is divided into separate "fund types". Governmental funds are used to account for a government's general activities, where the focus of attention is on the providing of services to the public as opposed to proprietary funds where the focus of attention is on recovering the cost of providing services to the public or other agencies through service charges or user fees. Fiduciary funds are used to account for assets held for others. The sheriff's current operations require the use of only governmental and fiduciary funds. The governmental and fiduciary fund types used by the sheriff are described as follows:

Governmental Fund Types

General Fund - The General Fund, as provided by Louisiana Revised Statute 13:781, is the principal fund of the sheriff and is used to account for the operations of the sheriff's office. The various fees and charges due to the sheriff's office are accounted for in this fund. General operating expenditures are paid from this fund.

Special Revenue Funds - The Special Revenue Funds are used to account for the proceeds of specific revenue sources such as grants and state and parish funds for maintaining state and parish prisoners. Those revenues are restricted to expenditures for specified purposes.

Fiduciary Fund Type - Agency Funds

The agency funds are used as depositories for civil suits, cash bonds, taxes, fees, et cetera. Disbursements from the funds are made to various parish agencies, litigants in suits, et cetera, in the manner prescribed by law. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

D. BASIS OF ACCOUNTING

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurement made regardless of the measurement focus applied.

1. Accrual:

Both governmental and business type activities in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

2. Modified Accrual:

The governmental funds financial statements are presented on the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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Notes to the Financial Statements (Continued)

Governmental funds and the fiduciary type agency funds use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The sheriff considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The governmental funds use the following practices in recording revenues and expenditures:

Revenues

Ad valorem taxes and the related state revenue sharing are recorded in the year the taxes are due and payable. Ad valorem taxes are assessed on a calendar year basis and attach as an enforceable lien and become due and payable on the date the tax rolls are filed with the recorder of mortgages. Louisiana Revised Statute 47:1993 requires that the tax roll be filed on or before November 15 of each year. Ad valorem taxes become delinquent if not paid by December 31. The taxes are normally collected in December, January, and February of the fiscal year.

Intergovernmental revenues and fees, charges, and commissions for services are recorded when the sheriff is entitled to the funds.

Interest income on time deposits is recorded when the time deposits have matured and the income is available.

Substantially all other revenues are recognized when received by the sheriff.

Based on the above criteria, intergovernmental revenue and fees, charges, and commissions for services are treated as susceptible to accrual.

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

The sheriff's office current year financial statements include the following major governmental funds:

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Notes to the Financial Statements (Continued)

The General Fund is the sheriff's primary operating fund. It accounts for all financial resources of the general government, except for the detention center and those required to be accounted for in another fund.

The Bayou Dorcheat Detention Center Fund accounts for the cost of housing prisoners convicted of state and federal offenses at the parish prison. Financing is provided by fees charged by the federal, state and local governments

The Salary Fund is for salaries for the sheriff's department and detention center employees. It is funded by a sales tax dedicated to salaries.

E. CASH AND CASH EQUIVALENTS

Under state law, the sheriff may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having principal offices in Louisiana. At June 30, 2012, the sheriff has cash and equivalents (book balances) totaling \$13,150,647 as follows:

Demand deposits	\$13,048,097
Time deposits	100,000
Petty Cash	<u>2,550</u>
Total	<u><u>\$13,150,647</u></u>

These deposits are stated at cost, which approximates market. Under state law, these deposits, or the resulting bank balances, must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Cash and cash equivalents (bank balances) at June 30, 2012, are secured as follows:

Bank balances	<u><u>\$13,722,410</u></u>
Federal deposit insurance	\$325,915
Pledged securities (uncollateralized)	<u>13,943,601</u>
Total	<u><u>\$14,269,516</u></u>

Because the pledged securities are held by a custodial bank in the name of the fiscal agent bank rather than in the name of the sheriff, they are considered uncollateralized (Category 3) under the provisions of GASB Codification C20.106; however, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the sheriff that the fiscal agent has failed to pay deposited

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Notes to the Financial Statements (Continued)

funds upon demand. Further, LRS 39:1224 states that securities held by a third party shall be deemed to be held in the sheriff's name.

F. INVESTMENTS

Under state law, the sheriff may invest funds in obligations of the United States, in federally insured investments, investment grade (A-1/P-1) commercial paper of domestic corporations or in time deposits with state banks organized under Louisiana law and national banks having principal offices in Louisiana. Investments are grouped into three categories of credit risk:

1. Insured or registered, or for which the securities held by the sheriff or its agent in the sheriff's name.
2. Uninsured and unregistered, with securities held by the bank's trust department or agent in the sheriff's name.
3. Uninsured and unregistered, with securities held by the bank, or by its trust department or agent but not in the sheriff's name.

Investments in marketable securities (United States Treasury Notes) of \$9,814,404 are reported at their cost on Statement A, which is equal to their market value.

G. CAPITAL ASSETS

Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The sheriff maintains a threshold level of \$500 for capitalizing capital assets.

Capital assets are recorded in the GWFS, but are not reported in the FFS. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes by the sheriff, no salvage value is taken into consideration for depreciation purposes. All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings	20 - 40 years
Furniture and fixtures	5 - 10 years
Vehicles	5 - 15 years
Equipment	5 - 20 years

WEBSTER PARISH SHERIFF
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Notes to the Financial Statements (Continued)

H. RISK MANAGEMENT

The sheriff is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets and errors and omissions. To handle such risk of loss, the sheriff maintains commercial insurance policies covering his automobiles and surety bond coverage. No claims were paid on any of the policies during the past three years which exceeded the policies' coverage amounts. There were no significant reductions in insurance coverage during the year ended June 30, 2012.

I. SALES TAX

On January 15, 2005, voters of the parish approved a one-half of one per cent (½%) sales tax dedicated for the purpose of payment of salaries and benefits of deputies. The sheriff's office has entered into an agreement with the Webster Parish Sales Tax Commission for collection of the tax.

J. VACATION AND SICK LEAVE

After one year of service, all employees are granted 14 days of vacation leave each year. Vacation leave must be taken in the year granted and may not be accumulated and carried forward to succeeding years. Upon termination, unused vacation leave is paid to employees at the rate of their present salary. Vacation leave cannot be accumulated past the year it is earned. Sick leave is granted as needed and justified. Employees earn compensatory time, which can be carried forward. Upon termination, unused compensatory time is paid to employees at their current rate of pay.

The cost of leave privileges, computed in accordance with GASB Codification Section C60, is recognized as a current-year expenditure in the General Fund when leave is actually taken. At June 30, 2012, employees of the sheriff's office have \$716,971 of accumulated compensatory time.

2. RECEIVABLES

The receivables of \$128,299 at June 30, 2012, are as follows:

<u>Class of receivables:</u>	<u>General Fund</u>	<u>Detention Center</u>	<u>Salary</u>	<u>Total</u>
Taxes - ad valorem	\$2,303			\$2,303
Intergovernmental revenues:				
Federal grants	5,488			5,488
State grants	88,941			88,941

WEBSTER PARISH SHERIFF
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Notes to the Financial Statements (Continued)

<u>Class of receivables:</u>	<u>General Fund</u>	<u>Detention Center</u>	<u>Salary</u>	<u>Total</u>
Fees, charges, and commissions for services:				
Civil and criminal fees	\$25,205			\$25,205
Other fees, charges and commissions	1,135			1,135
Miscellaneous	<u>1,434</u>	<u>\$3,590</u>	<u>\$203</u>	<u>5,227</u>
Total	<u>\$124,506</u>	<u>\$3,590</u>	<u>\$203</u>	<u>\$128,299</u>

3. CHANGES IN CAPITAL ASSETS

A summary of changes in office furnishings and equipment for the year ended June 30, 2012, follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
General Fund				
Buildings	\$5,990,243			\$5,990,243
Vehicles	1,814,332	\$186,247	(\$69,117)	1,931,462
Equipment	649,229	10,397	(8,993)	650,633
DARE Equipment	<u>7,973</u>			<u>7,973</u>
Total assets	<u>\$8,461,777</u>	<u>\$196,644</u>	<u>(\$78,110)</u>	<u>\$8,580,311</u>

A summary of assets net of accumulated depreciation follows:

Total assets	<u>\$8,580,311</u>
Prior year accumulated depreciation	(3,293,740)
Current year depreciation	(503,284)
Deletions	<u>75,809</u>
Net capital assets	<u>\$4,859,096</u>

4. PENSION PLAN

Substantially all employees of the Webster Parish Sheriff's office are members of the Louisiana Sheriff's Pension and Relief Fund (System), a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees.

All sheriffs and all deputies who are 18 years or older at the time of original employment, who earn not less than \$400 per month if employed after September 4, 1979 and before January 1, 1991; \$550 if employed between January 1, 1991 and December 31, 1999; and \$800 if employed after January 1, 2000 are required to participate in the System. Employees are eligible to retire at or after age 55 with at least 12 years of credited service and receive a benefit, payable monthly for life, equal to 3.33 percent of their final-average salary for each year of credited service. The retirement benefit cannot exceed 100 per cent of their final-

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Notes to the Financial Statements (Continued)

average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least 12 years of service and do not withdraw their employee contributions may retire at or after age 55 and receive the benefit accrued to their date of termination as indicated previously. Employees who terminate with at least 20 years of credited service are also eligible to elect early benefits between ages 50 and 55 with reduced benefits equal to the actuarial equivalent of the benefit to which they would otherwise be entitled at age 55. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Louisiana Sheriffs Pension and Relief Fund, 6554 Florida Blvd., Suite 215, Baton Rouge, Louisiana 70806, or by calling (800) 586-9049.

Plan members are required by state statute to contribute 10 percent of their annual covered salary and the Webster Parish Sheriff is required to contribute at an actuarially determined rate. The current rate is 12.5 percent of annual covered payroll. Contributions to the System also include one-half of one percent of the taxes shown to be collectible by the tax rolls of each parish and funds as required and available from insurance premium taxes. The contribution requirements of plan members and the Webster Parish Sheriff are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Webster Parish Sheriff's contributions to the System for the years ended June 30, 2012, 2011, and 2010 were \$682,599, \$679,128, and \$549,015, respectively, equal to the required contributions for each year.

5. LONG-TERM OBLIGATIONS

On September 20, 2006, the sheriff issued \$6,585,000 in revenue bonds with interest rates ranging from 4.0 to 4.5 percent to advance refund \$5,420,000 of certain outstanding 2000 and 2001 series bonds with interest rates ranging from 6.0 to 7.3 percent. The net proceeds of \$6,294,430 (after payment of underwriting fees and other issuance costs) were used to purchase U.S. government securities. Those securities were placed in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded 2000 and 2001 series bonds. As a result, those applicable 2000 and 2001 series bonds are considered to be defeased and have been removed from the Webster Parish Sheriff's government-wide financial statements.

The following is a summary of long-term obligation transactions for the year ended June 30, 2012:

	<u>Revenue Bonds</u>	<u>Compensated Absences</u>	<u>Total</u>
Long-term obligations, June 30, 2011	\$6,092,000	\$723,983	\$6,815,983
Additions		468,705	468,705
Deletions	(405,000)	(475,717)	(880,717)
Long-term obligations, June 30, 2012	<u>\$5,687,000</u>	<u>\$716,971</u>	<u>\$6,403,971</u>

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Notes to the Financial Statements (Continued)

Revenue bonds payable at June 30, 2012, are comprised of the following individual issues:

\$6,585,000 - dated September 20, 2006. The principal is due in annual installments of \$35,000 to \$720,000 through November 1, 2020, with interest at 4.0 to 4.5 per cent. Debt retirement payments are made from the Detention Center Fund. \$5,687,000

As shown on Statement C, \$9,814,404 is available in the Detention Center Fund to service the revenue bonds. The annual requirements to amortize outstanding bonds at June 30, 2012, are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$540,000	\$233,658	\$773,658
2014	565,000	211,287	776,287
2015	585,000	188,288	773,288
2016	605,000	163,429	768,429
2017	630,000	136,567	766,567
2018-2021	<u>2,762,000</u>	<u>265,612</u>	<u>3,027,612</u>
Total	<u>\$5,687,000</u>	<u>\$1,198,841</u>	<u>\$6,885,841</u>

6. OTHER POST EMPLOYMENT BENEFITS

Plan Description. Webster Parish Sheriff's Office's medical, dental and life insurance benefits are provided to employees upon actual retirement.

The employer pays 100% of the medical coverage for the retiree (not dependents). See the sections below for details on Life Insurance and dental benefits. Employees are covered by a retirement system whose retirement eligibility (D.R.O.P. entry) provisions as follows: 30 years of service at any age or, age 55 and 15 years of service. See the section below entitled "Expected Time of Commencement of Benefits" for the assumption as to time of actual retirement.

Life insurance coverage is continued to retirees and the blended rate for active employees and retirees is \$0.67 per \$1,000 of insurance. The employer pays 100% of the cost of the first \$10,000 of life insurance after retirement. The retiree may elect to continue additional voluntary insurance amounts in force at time of retirement, subject to an age-related reduction formula (reducing to 65% at age 65, 55% at age 70, 30% at age 75, 20% at age 80 and 15% at age 85. The retiree pays for the additional voluntary insurance but both that cost and the employer cost are based on the blended active/retired rate and there is thus an implied subsidy. Since GASB 45 requires the use of "unblended" rates, we have used the 94GAR mortality table to "unblend" the rates so as to reproduce the composite blended rate overall as the rate structure to calculate the actuarial valuation results for life insurance. All of the assumptions used for the valuation of the medical benefits have been used except for the trend assumption; zero trend was used for life insurance. We have assumed that 60% of currently active employees will elect to continue the voluntary additional life insurance after retirement.

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Notes to the Financial Statements (Continued)

Dental insurance coverage is provided to retirees. The employer pays 100% of the cost of the dental insurance for the retirees but not for dependents. We have used the unblended rates provided. All of the assumptions used for the valuation of the medical benefits have been used for dental insurance except for the trend assumption; zero trend was used for dental insurance.

Contribution Rates. Employees do not contribute to their post employment benefits costs until they become retirees and begin receiving those benefits. The plan provisions and contribution rates are contained in the official plan documents.

Fund Policy. Until 2009, Webster Parish Sheriff's Office recognized the cost of providing post-employment medical, dental and life benefits (Webster Parish Sheriff's Office's portion of the retiree medical, dental and life benefit premiums) as an expense when the benefit premiums were due and thus financed the cost of the post-employment benefits on a pay-as-you-go basis. For the year ended June 30, 2012, the Webster Parish Sheriff's Office contributed \$133,484 to the plan.

Effective with the Fiscal Year beginning July 1, 2009, Webster Parish Sheriff's Office implemented Government Accounting Standards Board Statement Number 45, *Accounting and Financial Reporting by Employers for Post employment Benefits Other than Pensions* (GASB 45).

Annual Required Contribution. Webster Parish Sheriff's Office's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The Annual Required Contribution (ARC) is the sum of the Normal Cost plus the contribution to amortize the Actuarial Accrued Liability (AAL). A level dollar, closed amortization period of 30 years (the maximum amortization period allowed by GASB 43/45) has been used for the post-employment benefits. The total ARC for the fiscal year beginning July 1, 2009 is \$420,396, as set forth below:

Normal Cost	\$215,394
30-year UAL amortization amount	<u>205,002</u>
Annual required contribution (ARC)	\$420,396

Net Post-employment Benefit Obligation (Asset). The table below shows Webster Parish Sheriff's Office's Net Other Post-employment Benefit (OPEB) Obligation (Asset) for fiscal year ending June 30, 2012:

Beginning Net OPEB Obligation (Asset) 7/1/2011	\$615,285
Annual required contribution	420,396
Interest on Net OPEB Obligation(Asset)	12,306
ARC Adjustment	<u>None</u>
OPEB Cost	1,047,987
Current year retiree premium	<u>(141,351)</u>
Ending Net OPEB Obligation (Asset) 6/30/2012	\$906,636

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Notes to the Financial Statements (Continued)

The sheriff's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended June 30, 2012, was \$432,702, 33%, and \$906,636, respectively.

Funded Status and Funding Progress. In the fiscal year ending June 30, 2012, Webster Parish Sheriff's Office made no contributions to its post employment benefits plan. The plan was not funded at all, has no assets, and hence has a funded ratio of zero. As of July 1, 2009, the first and most recent actuarial valuation, the Actuarial Accrued Liability (AAL) was \$3,127,838 (medical/dental) and \$417,124 (life), which is defined as that portion, as determined by a particular actuarial cost method (Webster Parish Sheriff's Office uses the Projected Unit Credit Cost Method), of the actuarial present value of post employment plan benefits and expenses which is not provided by normal cost. Since the plan was not funded in fiscal year 2009/2010, the entire actuarial accrued liability of \$3,127,838 (medical/dental) and \$417,124 (life) was unfunded.

	<u>Medical/Dental</u>	<u>Life</u>
Actuarial Accrued Liability (AAL)	\$3,127,838	\$417,124
Actuarial Value of Plan Assets	<u>None</u>	<u>None</u>
Unfunded Act. Accrued Liability (UAAL)	3,127,838	417,124
Funded Ratio (Act. Val. Assets/AAL)	0%	0%
Covered Payroll (active plan members)	<u>5,207,889</u>	<u>5,207,889</u>
UAAL as a percentage of covered payroll	60.06%	8.01%

Actuarial Methods and Assumptions. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. The actuarial valuation for post employment benefits includes estimates and assumptions regarding (1) turnover rate; (2) retirement rate; (3) health care cost trend rate; (4) mortality rate; (5) discount rate (investment return assumption); and (6) the period to which the costs apply (past, current, or future years of service by employees). Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The actuarial calculations are based on the types of benefits provided under the terms of the substantive plan (the plan as understood by Webster Parish Sheriff's Office and its employee plan members) at the time of the valuation and on the pattern of sharing costs between Webster Parish Sheriff's Office and its plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between Webster Parish Sheriff's Office and plan members in the future. Consistent with the long-term perspective of actuarial calculations, the actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial liabilities and the actuarial value of assets.

Actuarial Cost Method. The ARC is determined using the Projected Unit Credit Cost Method. The employer portion of the cost for retiree medical care in each future year is determined by projecting the current cost levels using the healthcare cost trend rate and discounting this projected amount to the valuation

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Notes to the Financial Statements (Continued)

date using the other described pertinent actuarial assumptions, including the investment return assumption (discount rate), mortality, and turnover.

Actuarial Value of Plan Assets. Since this is the first actuarial valuation, there are not any assets. It is anticipated that in future valuations, should funding take place, a smoothed market value consistent with Actuarial Standards Board ASOP 6, as provided in paragraph number 125 of GASB Statement 45 will be used.

Turnover Rate. An age-related turnover scale based on actual experience as described by administrative staff has been used. The rates, when applied to the active employee census, produce an annual turnover of approximately 13%. The rates for each age are below:

<u>Age</u>	<u>Percent Turnover</u>
18 - 25	30.0%
26 - 40	18.0%
41 - 54	12.0%
55+	8.0%

Post employment Benefit Plan Eligibility Requirements. Historically, most employees have not retired until 25 years of service. We have therefore assumed that employees retire three years after the earlier of the following: age 55 and 25 years of service; or, age 60 and 15 years of service. The three years is to accommodate the D.R.O.P. period. Medical benefits are provided to employees upon actual retirement. Entitlement to benefits continue through Medicare to death.

Investment Return Assumption (Discount Rate). GASB Statement 45 states that the investment return assumption should be the estimated long-term investment yield on the investments that are expected to be used to finance the payment of benefits. Since the ARC is not currently being funded and not expected to be funded in the near future, we have performed this valuation using a 4% annual investment return assumption.

Health Care Cost Trend Rate. The expected rate of increase in medical cost is based on projections performed by the Office of the Actuary at the Centers for Medicare & Medicaid Services as published in National Health Care Expenditures Projections: 2003 to 2013, Table 3: National Health Expenditures, Aggregate and per Capita Amounts, Percent Distribution and Average Annual Percent Change by Source of Funds: Selected Calendar Years 1990-2013, released in January, 2004 by the Health Care Financing Administration (www.cms.hhs.gov). "State and Local" rates for 2008 through 2013 from this report were used, with rates beyond 2013 graduated down to an ultimate annual rate of 5.0% for 2016 and later.

Mortality Rate. The 1994 Group Annuity Reserving (94GAR) table, projected to 2002, based on a fixed blend of 50% of the unloaded male mortality rate and 50% of the unloaded female mortality rates, was used. This is a published mortality table which was designed to be used in determining the value of accrued benefits in defined benefit pension plans. Since GASB 45 requires the use of "unblended" rates, we have used the 94GAR mortality table described above to "unblend" the rates so as to reproduce the composite blended rate overall as the rate structure to calculate the actuarial valuation results for life insurance.

WEBSTER PARISH SHERIFF
Minden, Louisiana
Notes to the Financial Statements (Continued)

Method of Determining Value of Benefits. The "value of benefits" has been assumed to be the portion of the premium after retirement date expected to be paid by the employer for each retiree and has been used as the basis for calculating the actuarial present value of OPEB benefits to be paid. The employer pays 100% of the cost of the medical benefits for the retiree only (not dependents). See the section below for details on Life Insurance and dental benefits. The medical rates provided are "blended" rates for active and retired before Medicare eligibility. We have therefore estimated the "unblended" rates as required by GASB 45 for valuation purposes to be 130% of the blended rates prior to Medicare eligibility. The unblended rates applicable after Medicare eligibility have been used.

7. CHANGES IN AGENCY FUND BALANCES

A summary of changes in agency fund balances due to taxing bodies and others follows:

	Tax Collector Fund	Civil Fund	Criminal Fund	Inmate Funds	Total
Balance at June 30, 2011	\$87,259	\$252	\$186,279	\$166,614	\$440,404
Additions	25,366,277	677,639	1,232,268	1,751,165	29,027,349
Reductions	(25,381,673)	(677,608)	(1,239,884)	(1,772,184)	(29,071,349)
Balance at June 30, 2012	<u>\$71,863</u>	<u>\$283</u>	<u>\$178,663</u>	<u>\$145,595</u>	<u>\$396,404</u>

8. TAX COLLECTOR ENDING CASH BALANCE

At June 30, 2012, the tax collector has cash and equivalents (book balances) totaling \$71,863 as follows:

Protest taxes	\$59,812
Interest on protest taxes	12,126
Current year taxes	<u>(75)</u>
Total	<u>\$71,863</u>

9. AD VALOREM TAXES COLLECTED

The tax collector has collected and disbursed the following taxes for the year ended June 30, 2012, by taxing body as follows:

Louisiana Forestry Service	\$16,013
Louisiana Tax Commission	4,834
Webster Parish Assessor	1,795,103
Webster Parish Police Jury	5,044,202
Webster Parish School Board	10,974,858
Webster Parish Sheriff	3,308,243

WEBSTER PARISH SHERIFF
Minden, Louisiana
Notes to the Financial Statements (Continued)

N.W. Industrial District	\$489,104
City of Minden	409,168
CVFD #8	257,343
Cullen FD #6	104,856
Sarepta FD #5	161,312
Shongaloo FD #9	110,460
Dixie Inn FD #7	274,585
Dubberly FD #4	134,169
Minden FD #10	112,535
Evergreen FD	260,596
Fire District #3	131,961
Heflin FD	<u>100,796</u>
Total	<u><u>\$23,690,138</u></u>

10. TAX UNCOLLECTED AND UNSETTLED

The tax collector has no uncollected taxes for the year ended June 30, 2012.

11. LITIGATION AND CLAIMS

At June 30, 2012, the Webster Parish Sheriff is involved in several lawsuits. In the opinion of the sheriff's legal counsel, the outcome will not materially affect the financial statements.

**12. EXPENDITURES OF THE SHERIFF'S OFFICE
PAID BY THE PARISH POLICE JURY**

The Webster Parish Sheriff's office is located in the parish courthouse. The cost of maintaining and operating the courthouse, as required by Louisiana Revised Statute 33:4715, is paid by the Webster Parish Police Jury.

REQUIRED SUPPLEMENTARY INFORMATION

PART II

WEBSTER PARISH SHERIFF
Minden, Louisiana

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended June 30, 2012

	FINAL BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES			
Ad valorem taxes	\$3,450,000	\$3,398,659	(\$51,341)
Intergovernmental revenues:			
Federal grants		8,779	8,779
State grants:			
State supplemental pay	239,800	227,871	(11,929)
State revenue sharing (net)	107,000	69,826	(37,174)
Video poker	330,000	366,953	36,953
Other	20,000	25,481	5,481
Local grants	45,000	15,589	(29,411)
Fees, charges, and commissions for services:			
Commissions on licenses and taxes	123,000	124,115	1,115
Civil and criminal fees	450,400	448,889	(1,511)
Other	200	25,929	25,729
Use of money and property	15,000	15,235	235
Miscellaneous	700	25,958	25,258
Total revenues	<u>4,781,100</u>	<u>4,753,284</u>	<u>(27,816)</u>
EXPENDITURES			
Public safety:			
Current:			
Personal services and benefits	4,322,500	4,279,841	42,659
Operating services	902,200	669,645	232,555
Materials and supplies	456,500	396,955	59,545
Travel and other charges	41,600	32,730	8,870
Capital outlay	465,500	188,957	276,543
Total expenditures	<u>6,188,300</u>	<u>5,568,128</u>	<u>620,172</u>
EXCESS (Deficiency) OF REVENUES	<u>(1,407,200)</u>	<u>(814,844)</u>	<u>592,356</u>
OTHER FINANCING SOURCES			
Proceeds from sale of assets	3,500	5,577	2,077
Proceeds from seized drug property sale	6,000	1,602	(4,398)
Proceeds from insurance		18,659	18,659
Operating transfers in	1,403,275	1,409,565	6,290
Total other financing sources	<u>1,412,775</u>	<u>1,435,403</u>	<u>22,628</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES	5,575	620,559	614,984
FUND BALANCES AT BEGINNING OF YEAR	<u>NONE</u>	<u>5,594,841</u>	<u>5,594,841</u>
FUND BALANCES AT END OF YEAR	<u>\$5,575</u>	<u>\$6,215,400</u>	<u>\$6,209,825</u>

(Continued)

WEBSTER PARISH SHERIFF
Minden, Louisiana

BUDGETARY COMPARISON SCHEDULE
DETENTION CENTER
For the Year Ended June 30, 2012

	<u>FINAL BUDGET</u>	<u>ACTUAL (BUDGETARY BASIS)</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES			
State supplemental pay	\$196,200	\$192,262	(\$3,938)
Fees, charges, and commissions for services -			
Feeding and keeping of prisoners	5,500,000	5,405,551	(94,449)
Other		18,295	18,295
Use of money and property	2,400	2,489	89
Other revenue		4,192	4,192
Total revenues	<u>5,698,600</u>	<u>5,622,789</u>	<u>(75,811)</u>
EXPENDITURES			
Personal services and benefits	3,637,000	3,513,565	123,435
Operating services	1,060,800	922,159	138,641
Materials and supplies	514,647	450,339	64,308
Travel and other charges	24,300	9,375	14,925
Debt service	786,634	657,828	128,806
Capital outlay	178,000	7,687	170,313
Total expenditures	<u>6,201,381</u>	<u>5,560,953</u>	<u>640,428</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	(502,781)	61,836	564,617
OTHER FINANCING SOURCE			
Transfers In	<u>1,174,000</u>	<u>1,275,088</u>	<u>101,088</u>
EXCESS OF REVENUES AND OTHER SOURCE OVER EXPENDITURES	671,219	1,336,924	665,705
FUND BALANCES AT BEGINNING OF YEAR	<u>NONE</u>	<u>9,500,544</u>	<u>9,500,544</u>
FUND BALANCES AT END OF YEAR	<u>\$671,219</u>	<u>\$10,837,468</u>	<u>\$10,065,161</u>

(Continued)

WEBSTER PARISH SHERIFF
Minden, Louisiana

BUDGETARY COMPARISON SCHEDULE
SALARY
For the Year Ended June 30, 2012

	<u>FINAL BUDGET</u>	<u>ACTUAL (BUDGETARY BASIS)</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES			
Sales tax	\$3,025,000	\$3,013,720	(\$11,280)
Use of money and property	<u>14,500</u>	<u>10,013</u>	<u>(4,487)</u>
Total Revenues	<u>3,039,500</u>	<u>3,023,733</u>	<u>(15,767)</u>
OTHER FINANCING USE			
Transfer out	<u>(3,460,500)</u>	<u>(2,684,653)</u>	<u>775,847</u>
EXCESS (Deficiency) OF REVENUES OVER OTHER USE	(421,000)	339,080	760,080
FUND BALANCES AT BEGINNING OF YEAR	<u>4,204,544</u>	<u>5,030,869</u>	<u>826,325</u>
FUND BALANCES AT END OF YEAR	<u><u>\$3,783,544</u></u>	<u><u>\$5,369,949</u></u>	<u><u>\$826,325</u></u>

(Concluded)

**WEBSTER PARISH SHERIFF
Minden, Louisiana**

**NOTE TO BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2012**

A proposed budget, prepared on the modified accrual basis of accounting, is published in the official journal at least ten days prior to the public hearing. A public hearing is held at the Webster Parish Sheriff's office during the month of June for comments from taxpayers. The budget is then legally adopted by the sheriff and amended during the year, as necessary. The budget is established and controlled by the sheriff at the object level of expenditure. Appropriations lapse at year-end and must be reappropriated for the following year to be expended.

Formal budgetary integration is employed as a management control device during the year. Budgeted amounts included in the accompanying budgetary comparison schedules include the original adopted budget amounts. There were no budget amendments.

**Webster Parish Sheriff
Retiree Healthcare Plan
June 30, 2012**

Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded Actuarial Accrued Liability (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
June 30, 2009	\$0	\$3,544,962	\$3,544,962	0.00%	\$5,207,889	68.07%

Note:

Generally accepted governmental accounting principles (GASB Codification Po50.131-132) require that the schedule present information from the last three actuarial valuations. Because the requirements of GASB 45 were implemented starting with the year ended June 30, 2010, only one valuation is available. Additional information will be added after each of the next two valuations. Subsequent to that, information will be presented for the latest three valuations.

STATE OF LOUISIANA

PARISH OF WEBSTER

**AFFIDAVIT
GARY SEXTON, SHERIFF OF WEBSTER PARISH**

BEFORE ME, the undersigned authority, personally came and appeared, GARY SEXTON, SHERIFF OF WEBSTER PARISH, State of Louisiana, who after being duly sworn, deposed and said:

The following information is true and correct:

\$71,863 is the amount of cash on hand in the tax collector account on June, 30, 2012.

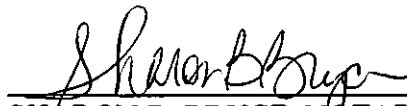
He further deposed and said:

All itemized statements of the amount of taxes collected for the tax year, 2011, by taxing authority, are true and correct.

All itemized statements of all taxes assessed and uncollected, which indicate the reasons for the failure to collect, by taxing authority, are true and correct.


GARY SEXTON, SHERIFF
SHERIFF & EX-OFFICIO TAX COLLECTOR

SWORN to and subscribed before me, Notary, this 26th day of December, 2012, in my office in Minden, Louisiana.


SHARON B. BRYCE, NOTARY PUBLIC #53266
WEBSTER PARISH, LOUISIANA

OTHER SUPPLEMENTARY INFORMATION

PART III

WEBSTER PARISH SHERIFF
Minden, Louisiana
SUPPLEMENTAL INFORMATION SCHEDULES
As of and For the Year Ended June 30, 2012

FIDUCIARY FUND TYPE - AGENCY FUNDS

TAX COLLECTOR FUND

Article V, Section 27 of the Louisiana Constitution of 1974, provides that the sheriff will serve as the collector of state and parish taxes, licenses, and fees. The Tax Collector Fund is used to collect and distribute these taxes, licenses, and fees to the appropriate taxing bodies.

CIVIL FUND

The Civil Fund accounts for the collection of funds in civil suits, sheriff's sales, and garnishments. Payment of these collections to recipients are made in accordance with applicable laws.

CRIMINAL FUND

The Criminal Fund is a depository for fines, forfeitures, and costs in criminal cases. Payments are made from the fund to the Sheriff's General Fund, police jury, district attorney, clerk of court, and other recipients in accordance with applicable laws.

INMATE FUND

The Inmate Fund accounts for funds of inmates that are used for personal items purchased by the inmates at the concessions store located at the detention center.

WEBSTER PARISH SHERIFF
Minden, Louisiana
FIDUCIARY FUND TYPE - AGENCY FUNDS

Combining Schedule of Changes in Balances
Due to Taxing Bodies and Others
For the Year Ended June 30, 2012

	<u>TAX COLLECTOR FUND</u>	<u>CIVIL FUND</u>	<u>CRIMINAL FUND</u>	<u>INMATE FUNDS</u>	<u>TOTAL</u>
UNSETTLED BALANCES DUE TO TAXING BODIES AND OTHERS AT BEGINNING OF YEAR	<u>\$87,259</u>	<u>\$252</u>	<u>\$186,279</u>	<u>\$166,614</u>	<u>\$440,404</u>
ADDITIONS					
Deposits :					
Civil suits, sales, and seizures		677,639			677,639
Fines and forfeitures			1,232,210		1,232,210
Ad valorem taxes - current year	24,367,975				24,367,975
State Revenue Sharing	854,582				854,582
Interest on -					
Protested taxes held in escrow	287				287
Redemptions	23,844				23,844
Tax notices	56,154				56,154
Other additions	63,435		58	1,751,165	1,814,658
Total additions	<u>25,366,277</u>	<u>677,639</u>	<u>1,232,268</u>	<u>1,751,165</u>	<u>29,027,349</u>
Total	<u>25,453,536</u>	<u>677,891</u>	<u>1,418,547</u>	<u>1,917,779</u>	<u>29,467,753</u>
REDUCTIONS					
Deposits, taxes, fees, etc. settled to:					
Louisiana Department of Agriculture	16,024				16,024
Louisiana Tax Commission	4,834				4,834
Webster Parish:					
Assessor	1,958,453				1,958,453
Clerk of Court	3,465	42,910	73,520		119,895
Police Jury	5,306,172		373,209		5,679,381
School Board	11,298,029				11,298,029
Sheriff	3,471,212	122,679	250,679		3,844,570
Industrial Districts	489,509				489,509
Fire protection districts	1,649,687				1,649,687

WEBSTER PARISH SHERIFF
Minden, Louisiana
FIDUCIARY FUND TYPE - AGENCY FUND
Combining Schedule of Changes in Balances
Due to Taxing Bodies and Others, etc.

	<u>TAX COLLECTOR FUND</u>	<u>CIVIL FUND</u>	<u>CRIMINAL FUND</u>	<u>INMATE FUNDS</u>	<u>TOTAL</u>
Pension funds	\$700,575				\$700,575
City of Minden	413,957				413,957
District attorney			\$149,238		149,238
Judicial expense fund			103,080		103,080
Refunds	31,037				31,037
Redemptions	37,982	\$3,574			41,556
Indigent defender board			101,335		101,335
Northwest Louisiana Crime Laboratory			79,962		79,962
Litigants		96,448			96,448
Attorneys, appraisers, etc.		19,429			19,429
Storage and wrecker charges		4,745			4,745
Other reductions	<u>737</u>	<u>387,823</u>	<u>108,861</u>	<u>\$1,772,184</u>	<u>2,269,605</u>
Total reductions	<u>25,381,673</u>	<u>677,608</u>	<u>1,239,884</u>	<u>1,772,184</u>	<u>29,071,349</u>
UNSETTLED BALANCES DUE TO TAXING BODIES AND OTHERS AT END OF YEAR	<u><u>\$71,863</u></u>	<u><u>\$283</u></u>	<u><u>\$178,663</u></u>	<u><u>\$145,595</u></u>	<u><u>\$396,404</u></u>

**REPORTS REQUIRED BY
GOVERNMENT AUDITING STANDARDS
PART IV**

**Independent Auditor's Report Required
by *Government Auditing Standards***

The following independent Auditor's report on compliance with laws, regulations and contracts, and internal control over financial reporting is presented in compliance with the requirements of *Government Auditing Standards*, issued by the Comptroller General of the United States and the *Louisiana Governmental Audit Guide*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor.

**Report on Internal Control Over Financial
Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed
in Accordance *Government Auditing Standards***

WEBSTER PARISH SHERIFF
Minden, Louisiana

I have audited the basic financial statements of the Webster Parish Sheriff, a component unit of the Webster Parish Police Jury, as of and for the year ended June 30, 2012 and have issued my report thereon dated December 26, 2012. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Webster Parish Sheriff's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Webster Parish Sheriff's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Webster Parish Sheriff's internal control over financial reporting.

A deficiency in internal control exist when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

WEBSTER PARISH SHERIFF

Minden, Louisiana

Independent Auditor's Report on Compliance

And Internal Control Over Financial Reporting, etc.

June 30, 2012

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Webster Parish Sheriff's basic financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that is required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Webster Parish Sheriff, management, and the Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Although the intended use of these reports may be limited, under Louisiana Revised Statute 24:513(G), this report is distributed by the Legislative Auditor as a public document.

A handwritten signature in blue ink, appearing to read "M. J. Dineen", is written over a horizontal line.

West Monroe, Louisiana

December 26, 2012

**WEBSTER PARISH SHERIFF
Minden, Louisiana**

**Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2012**

A. SUMMARY OF AUDIT RESULTS

1. The Auditor's report expresses an unqualified opinion on the basic financial statements of the Webster Parish Sheriff.
2. No instances of noncompliance material to the financial statements of the Webster Parish Sheriff were disclosed during the audit.
3. No significant deficiencies relating to the audit of the financial statements is reported in the Independent Auditor's Report on Internal Control.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

None

**WEBSTER PARISH SHERIFF
Minden, Louisiana**

**Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2012**

There were no audit findings reported in the audit for the year ended June 30, 2011.